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Results of Collective Bargaining in the Street Railway Industry of Philadelphia

By A. A. MITTEN

Philadelphia Rapid Transit Company

DEFINING collective bargaining as the procedure by which management and men sit down together and frankly discuss across the table problems that are involved in the operation of industry, let me cite here the concrete results that the Stotesbury-Mitten Management has attained in less than a decade in this city.

COLLECTIVE BARGAINING UNDER STOTESBURY-MITTEN MAN- AGEMENT

Conditions Prior to Inception of this Management

Prior to the inception of the present management of the Philadelphia Rapid Transit Company, Philadelphia faced a situation that seriously interfered with the operation of its street railway system. The strikes of the previous year, accompanied by riot and bloodshed, had cost the city and the company millions of dollars, both in direct losses and in wages to the men. The employees, divided into factions, were demoralized; morale was at zero. In fact, conditions could hardly be worse than they were in Philadelphia at that time.

Plan of Stotesbury-Mitten Management

Responding to an urgent request of the citizens of Philadelphia, Mr. E. T. Stotesbury undertook the financial rehabilitation of the company. He obtained the services of Mr. T. E. Mitten, as the operating manager. At that time the Stotesbury-Mitten Management promised the people of

Philadelphia and the employees of the company to accomplish in five years from 1911; first, an adequate system of transportation for the public; second, such increased wages and favorable working conditions for the employees as could be brought about by coöperative effort, and last, stockholders were promised nothing at that time, indeed they were frankly told that they could not expect any return on their capital until improved service for the public was provided and the problems of the employees were solved. The magnitude of the problem involved was staggering, but the management, with a firm resolve to improve conditions, sought an equitable solution. Basing its campaign on a policy of frank statement and fair dealing, the management proceeded to disarm the unjustified hostility of some of the employees and soon won their hearty support of the coöperative plan. It is worthy of note that the coöperative plan specifically states that employees are at liberty to join any union or other organization without "let or hindrance." This sound policy is the unassailable rock of its dependence; it has been invaluable, and has successfully disarmed its isolated, short-sighted opponents. Today its success is best indicated by the fact that 99.55 of all eligible employees are members of the coöperative welfare association of the Philadelphia Rapid Transit Company.

The War Labor Board endorsed the coöperative plan as amended in 1918 as being entirely in accord with its

own principles as outlined in the proclamation of the President of the United States.

Wage Increases. The trainmen were receiving in 1910 a maximum rate of 23 cents per hour; successively the rate was increased until it reached 32 cents in September, 1916; 43 cents in July, 1918; 48 cents in August, 1918, and other increases as the cost of living advanced, until today the rate is 61 cents. These voluntary increases in the wages of employees have been accompanied by a remarkable change in that intangible and invaluable asset to employer and employee alike—improved morale in the organization.

Improved Morale. One of the most remarkable evidences of the spirit of genuine good will existing between the company and its employees is our record of uninterrupted operation during the period of the war. During that great crisis our men loyally served the car-riding public and turned aside from the blandishments of those who would take unjust advantage of the acute shortage of labor during that period.

The Honorable Charles E. Elmquist, chairman of the Federal Electric Railways Commission, in his speech at a two-day picnic of the employees held last summer said, "It seems to me that if the work in Philadelphia that you are doing—you employers and you employees, who send the message of hope and cheer throughout the width, length and breadth of this land—will influence other industries to adopt the same plan that you have here, you will solve, to a very great extent, the most acute economic danger that we have ever had."

Collective bargaining, as here defined, differs widely from the definition that some men have in mind as they glibly prate of industrial democracy. It must be regretfully emphasized that the phrase "collective bargaining"

is often used to conceal a policy of collective dictatorship by those who aspire to unfair gains. The term collective bargaining can be honestly used only to designate negotiations between management and men when both meet face to face and negotiate with open minds, basing their transactions on frank statement and fair dealing.

BENEFITS OF COLLECTIVE BARGAINING TO PHILADELPHIA RAPID TRANSIT COMPANY EMPLOYEES

Higher Wages. Collective bargaining negotiated through our coöperative plan has brought to our employees more than a living wage. There are disciples of a cynical school of thought who deny that the wage earner can ever obtain more than a living wage. Here we have a graphic illustration of the shallowness of such philosophy. Our men have progressively been given voluntary increases in their wages and they have given loyal super-service in return.

Increased Savings. Less than a year ago the coöperative welfare association started a savings fund, paying interest at the rate of 5 per cent annually. This fund is managed entirely by the men, who invest the money in such securities as yield a return on the investment commensurate with safety. The savings today are being made at an aggregate rate of over \$800,000 annually, and indications are that the million mark will soon be reached.

This demonstrates conclusively that so far as the management of the Philadelphia Rapid Transit Company is concerned, its army of about 10,000 employees are receiving something more than a living wage.

Another feature of advantage of collective bargaining as here practiced is the opportunity that is constantly

present for the ambitious man who is desirous of improving his economic status. Those who fit themselves for the positions ahead of them deserve promotion. This advantage is not present when the closed shop policy prevails, for the closed shop means closed opportunity to both men and management. The open shop emphasizes the fact that there is no waning of the irresistible appeal of payday, which becomes increasingly greater to the ambitious workman who, by this plan, is encouraged to give an increasingly greater measure of service.

BENEFITS OF COLLECTIVE BARGAINING TO PHILADELPHIA RAPID TRANSIT COMPANY

Increased Production. The committeemen, by personal participation in committee work, broaden their scope, make themselves bigger men and become more fit to fill the positions of high responsibility entrusted to them by their fellow-workmen. Increased production to meet the higher wage cost is being accomplished here in a remarkable way. Production has increased 120 per cent as compared with the increase of 151 per cent in the wage rate. This is the truly wonderful objective that has been reached which cannot be matched by accomplishment elsewhere.

We submit that the high cost of living would be robbed of most of its terrors if all over this broad land all others had, through coöperative effort, increased production proportionately with increased wage as is secured under the workings of the Philadelphia plan.

The coöperative plan has proved its soundness. It provides an uncontrolled election of representatives of wage earners for discussion and determination with direct representatives of the employer on every matter of

interest to wage earners in their relation to the employer.

COÖPERATIVE PLAN OF PHILADELPHIA RAPID TRANSIT COMPANY

The coöperative plan of 1920 when produced will represent the thoughts and experiences of our 10,000 wage earners, who from nearly nine years' experience in this form of coöperation, have gained courage and confidence in themselves and in the fair intentions of the management. The controlling thought of this management throughout has been that with and through the men themselves their condition of employment and well being should be improved.

The degree of participation in management to which the men, as a whole, may aspire is as yet unknown, and must necessarily depend upon the success which follows the more intelligent handling of their present duties and the efficient handling of their domestic affairs on a business basis. The company's employees contribute \$1 monthly to the coöperative Welfare Association. This sum the company matches with a double amount, namely, \$20,000 monthly in lieu of all other payments. During the sixteen months ended December 31, 1919, the association paid \$184,000 in death benefits, \$75,572.50 for sick benefits at the rate of \$1.50 per day and 99 employees were carried on the pension roll at \$40 per month, making the total pension payment \$47,520 annually.

COÖPERATION BETWEEN CAPITAL AND LABOR

Many men have expressed many theories of how the problems of capital and labor can best be solved. I submit that this is not the day for idle theorizing or far-fetched dreams. The problem is one for practical men, who, facing what sometimes appear to

be insurmountable difficulties, approach the problem with earnest purpose and open minds, dealing squarely with all factors involved, inspiring confidence in the honesty of their intent, gaining the good will of the employee and establishing a record of concrete results that must stand as a granite wall against which the voices of idle discontent beat in vain.

Here, where labor and capital have adopted coöperation as the keystone of relationship between management and men, there is being garnered today a harvest of adequate wages and continued tranquility, as contrasted with that industrial unrest which prevails in many quarters.

It is with coöperation between capital and labor that the hope lies for tomorrow. This can be said with

great confidence because it is becoming clearer daily that men and management, uniting within their ranks the brain that plans as well as the hand that performs, can go forward together for increased production.

Neither capital nor labor alone create wealth, since management is the first essential thing. Management must map out the problem from the initiatory stage to the completion of the last detail before material toil can begin. Labor without the management would be crippled forever, but labor united with management, each welcoming the other and combining forces, dealing with each other frankly and fairly, together create a force that is irresistible and illuminates another forward step in the progress of civilization.